

Message Text

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PAGE 01 CAIRO 13829 121656Z

46

ACTION TRSE-00

INFO OCT-01 NEA-10 ISO-00 ABF-01 FS-01 AID-05 IO-13 OMB-01

L-03 /035 W

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P 121500Z OCT 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC PRIORITY 7796

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E.O. 11652: N/A

TAGS: EFIN

SUBJECT: EXCHANGE RATES

REF (A) STATE 246123, (B) STATE 194527

1. FOLLOWING ANSWERS ARE KEYED TO QUESTIONS POSED PARA 3 OF
REFTEL B:

A. YES.

B. YES. C ACCOUNTS HAVE BECOME ALMOST TOTALLY DISUSED FOR
ANY PURPOSES.

C. BUYING RATE VARIES SLIGHTLY AROUND 68 REPEAT 68 PIASTERS
PER DOLLAR, NOT INCLUDING COMMISSIONS OR OTHER EXCHANGE CHARGES,
ACCORDING TO DAILY DETERMINATION BY CENTRAL BANK/PUBLIC SECTOR
COMMERCIAL BANK COMMITTEE. BASIC INCENTIVE RATE WAS LAST
CHANGED MAY 20, 1976 (CAIRO 6951). EMBASSY HAS USED LE 0.68
EQUALS \$1.00 FOR ACCOMMODATION EXCHANGE SINCE THAT TIME.

D. INTERNATIONAL ORGANIZATION WITH LARGEST REPRESENTATION IN
CAIRO, UNDP, TELL US IT CONVERTS AT OFFICIAL RATE FOR
PORTION OF LOCAL COSTS NOT COVERED BY EGYPTIAN POUND
HOLDINGS. UNDP STAFF, HOWEVER, CONVERT AT INCENTIVE (PARALLEL)
RATE FOR PERSONAL EXPENSES.

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PAGE 02 CAIRO 13829 121656Z

E. YES. READILY AVAILABLE AT BANKS AND MAJOR HOTELS, BUT USG

EMPLOYEES ARE REQUIRED TO USE EMBASSY ACCOMMODATION EXCHANGE
FOR PERSONAL LE EXPENSES.

F. EMBASSIES CONTACTED (UK, CANADIAN, AUSTRALIAN, FRENCH)
ALL CONVERT AT OFFICIAL RATE FOR OPERATIONAL EXPENSES. ONE OF
THESE REQUIRES STAFF TO EXCHANGE CURRENCY AT OFFICIAL RATE,
ANOTHER HAS PROCEDURES FOR LOCAL LE DEPOSIT OF ALLOWANCES
CALCULATED AT PARALLEL RATE, AND THIRD PERMITS STAFF TO OBTAIN
ACCOMMODATION EXCHANGE LOCALLY AT PARALLEL RATE. ONLY
FRENCH EMBASSY OPERATES ACCOMMODATION EXCHANGE FACILITY (AT
PARALLEL RATE) OR MAKES PAYMENTS TO INTERNATIONAL ORGANIZATIONS (AT
OFFICIAL RATE).

G. ALTHOUGH PROPOSAL FOR UNIFIED COMMERCIAL EXCHANGE RATE
HAS BEEN ACCEPTED BY GOE ONLY IN PRINCIPLE AND DETAILS
REMAIN TO BE SETTLED, BASIC PURPOSE WOULD BE TO PLACE ALL
FOREIGN EXCHANGE TRANSACTIONS EXCEPT CERTAIN STATE TRADING
ACTIVITIES ON NEW EVALUATED BASIS. DOLLAR-POUND EXCHANGE LIKELY
WOULD BE ROUGHLY COMPARABLE TO PRESENT INCENTIVE (OR PARALLEL)
RATE AT OUTSET, AND PROBABLY WOULD NOT REPEAT NOT BE FREELY
FLOATING FOR FORESEEABLE FUTURE. SUCH EXCHANGE STRUCTURE
WOULD GREATLY SIMPLIFY MOST FX TRANSACTIONS.

2. EMBASSY REQUEST DELAY IN TRANSMITTAL OF ABOVE
INFORMATION, WHICH WAS DUE TO OVERSIGHT.
EILTS

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